



**Public Hearing Testimony of
Scott D. Jackson, Commissioner
Department of Labor
Labor and Public Employees Committee
March 3, 2016**

Good Afternoon Senator Gomes, Representative Tercyak, Senator Hwang, Representative Rutigliano and members of the Labor and Public Employees Committee. Thank you for the opportunity to provide you with testimony regarding **Senate Bill No. 314, AAC the Temporary Family Assistance Program and Unemployment Compensation Benefits**. My name is Scott Jackson and I am the Commissioner of the Department of Labor.

Department of Labor (DOL) acknowledges the good intentions of the proposed bill in that it encourages individuals collecting unemployment benefits to find employment, while providing continued benefits to make up the difference if they have to take a lower paying job.

However, given that this proposed bill poses several problems, we must oppose it. Specifically, S.B. # 314 would allow individuals who receive temporary family assistance to continue receiving unemployment benefits upon accepting employment at a rate lower than their unemployment benefit rate. In accordance with state and federal law, unemployment insurance benefits may only be awarded if the claimant's circumstances meet the laws' requirements. For instance, if the claimant finds full-time work, even if the salary is lower than his/her unemployment benefit rate, the claimant is no longer able and available for full-time employment. This is one of the hallmarks of the state and federal unemployment insurance system and any program that fails to comply with that requirement would run afoul of federal conformity law. Passage of a bill that is out of conformity with federal law could result in the loss of certification for tax credits for all employers liable for the §3301 Federal Unemployment Tax Act (FUTA) tax and could result in the loss of federal administrative funding for DOL. The loss of certification for tax credits under FUTA could result in an additional cost of approximately \$500 million for Connecticut employers. Furthermore, the loss of federal administrative funding would be catastrophic for DOL, as the funding is approximately 60% of the Department's budget.

Moreover, the proposed bill would counter DOL's integrity efforts to prevent overpayments and fraud. Such claimants would come up in our system as committing fraud because they would be receiving wages while collecting benefits. In order to separate these claimants out from those claimants identified as

collecting fraudulently, DOL would need to implement automation. Such information technology efforts would require additional funding.

Finally, such a program would continue to hold employers liable for unemployment benefits for a claimant that has obtained new employment. This runs counter to the intent of the unemployment compensation system.

Thank you for the opportunity to provide this testimony. I am available to answer any questions you may have.